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MONTHLY BRIEFING

For the Month Ended: JUNE 2025

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CGFA

Commission on Government Forecasting & Accountability

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Phone: 217/782-5320

Strong Final Month of Revenues Elevates FY 2025 General Funds Revenue Total to Near $54.0 Billion

Eric Noggle, Revenue Manager

General Funds receipts ended FY 2025 on a positive note with revenues rising $435 million above last June's levels. The 9.0% rise in receipts in June lifted the FY 2025 revenue total to $53.998 billion – just slightly above the Commission's revenue projection of $53.931 billion. The revenue gains in June were aided by an additional receipting day this month.

June's revenue gains were led again by strong growth in the Personal Income Tax. These receipts were up $445 million or $379 million higher on a net basis when subtracting out distributions to the Refund Fund and the LGDF. The robust growth of nearly 17% this month was largely expected due to the additional receipting day (as compared to last June) and the anticipated final segment of business-related "true-up" reallocations.

Corporate Income Tax receipts, on the other hand, had a subpar final month of the fiscal year, falling $113 million on a gross basis or -$91 million net. The 11.3% drop in these tax receipts this month is similar to its end-of-year comparative rate of -9.5%. Again, the shift of more business-related tax receipts flowing through the Personal Income Tax instead of the Corporate Income Tax is one of the primary factors for these declines.

The final member of the "big three" revenue sources, the Sales Tax, also ended the fiscal year quite strong with gross growth in June of $50 million – an increase of +5.1% as compared to last

June. On a net basis, when removing distributions to the Road Fund and certain transportation funds, the comparative gain was $29 million or +3.3%.

In the category of "All Other State Sources," revenues were a combined $29 million higher, though the performance of individual sources was mixed. Other Sources were up $69 million thanks to a notable rise in the amount received from the Build Illinois Escrow Account. Interest on State Funds & Investments also improved with an additional $15 million this month as compared to last June. Other modest gains came from Public Utility Taxes [up $2 million] and the Cigarette Tax [up $2 million]. The largest decline in this category came from Insurance Taxes, which were $46 million lower. However, this drop was not surprising as this follows the $110 million gain last month, showing the inconsistencies of receipt patterns this fiscal year for this revenue source. Other sources in this category with declines include the Estate Tax [-$11 million]; Liquor Taxes [-$1 million]; and the Corporate Franchise Tax [-$1 million].

It was a positive month for Transfers In. Overall, these transfers were $40 million higher in June. Growth was again led by the new Sports Wagering Transfer which added $23 million this month. More modest increases came from the other primary sources of transfers including casino-related Gaming Transfers [+$7 million]; Lottery Transfers [+$5 million]; Other Transfers [+$3 million]; and Cannabis Transfers [+$2 million].

While Federal Sources have trailed last year's pace for much of the year, this source did rise $49 million in June. As noted in the FY 2025 Recap section on page 6, federal dollars deposited into the General Funds have come in short of anticipated levels, but this shortfall was fortunately counterbalanced by the strength of certain State sources at the end of the fiscal year.

Summary of Receipts
JUNE
FY 2024 vs. FY 2025
($ millions)

Revenue Sources	June FY 2024	June FY 2025	$ CHANGE	% CHANGE
Net Personal Income Tax	$2,236	$2,615	$379	16.9%
Net Corporate Income Tax	$803	$712	($91)	-11.3%
Net Sales Tax	$869	$898	$29	3.3%
All Other State Sources	$571	$600	$29	5.1%
Transfers In	$156	$196	$40	25.6%
Federal Sources [base]	$211	$260	$49	23.2%
Base General Funds	$4,846	$5,281	$435	9.0%
Non-Base Gen Funds Revenues	$0	$0	$0	N/A
Total General Funds	$4,846	$5,281	$435	9.0%

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 1-Jul-25

JUNE ***FY 2024 vs. FY 2025*** ***($ millions)***				
Revenue Sources	**June FY 2024**	**June FY 2025**	**$ CHANGE**	**% CHANGE**
State Taxes				
Personal Income Tax	$2,632	$3,077	$445	16.9%
Corporate Income Tax (regular)	1,002	889	(113)	-11.3%
Sales Taxes	982	1,032	50	5.1%
Public Utility Taxes (regular)	52	54	2	3.8%
Cigarette Tax	15	17	2	13.3%
Liquor Gallonage Taxes	14	13	(1)	-7.1%
Estate Tax	47	36	(11)	-23.4%
Insurance Taxes and Fees	55	9	(46)	-83.6%
Corporate Franchise Tax & Fees	11	10	(1)	-9.1%
Interest on State Funds & Investments	41	56	15	36.6%
Cook County IGT	0	0	0	N/A
Other Sources	336	405	69	20.5%
Total State Taxes	$5,187	$5,598	$411	7.9%
Transfers In				
Lottery	$60	$65	$5	8.3%
Gaming	17	24	7	41.2%
Sports Wagering	0	23	23	N/A
Cannabis	9	11	2	22.2%
Refund Fund	0	0	0	N/A
Other	70	73	3	4.3%
Total Transfers In	$156	$196	$40	25.6%
Total State Sources	$5,343	$5,794	$451	8.4%
Federal Sources [base]	$211	$260	$49	23.2%
Total Federal & State Sources	$5,554	$6,054	$500	9.0%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	($241)	($281)	($40)	16.6%
Corporate Income Tax	(140)	($125)	15	-10.7%
Local Government Distributive Fund				
Personal Income Tax	(155)	(181)	(26)	16.8%
Corporate Income Tax	(59)	(52)	7	-11.9%
Sales Tax Distributions				
Deposits into Road Fund	(43)	(54)	(11)	25.6%
Distribution to the PTF and DPTF	(70)	(80)	(10)	14.3%
General Funds Subtotal [Base]	**$4,846**	**$5,281**	**$435**	**9.0%**
Transfer of Excess PA 102-700 Funds to GRF	$0	$0	$0	N/A
Prior Year Federal Matching Funds	$0	$0	$0	N/A
ARPA Reimb. for Essential Gov't Services	$0	$0	$0	N/A
Total General Funds	**$4,846**	**$5,281**	**$435**	**9.0%**

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 1-Jul-25

FY 2025 Final Totals and Revenue Recap

With June's gains included, FY 2025 closed with General Funds revenues totaling $53.998 billion—the highest annual total on record. The FY 2025 total is $1.409 billion above the FY 2024 total of $52.589 billion for a final year-over-year increase of +2.7%. From a base perspective, revenues in FY 2025 performed even better, growing $2.225 billion for an increase of +4.3%. This calculation comes from removing the $881 million in one-time revenues received in FY 2024 ($633 million from prior year federal matching funds and $248 million in transfers from excess P.A. 102-700 funding), as well as the $65 million in one-time federal dollars that were deposited into the General Funds in FY 2025 from ARPA Reimbursement for Essential Government Services.

The largest source of General Funds revenues continues to be the Personal Income Tax. The FY 2025 total of $33.154 billion is an impressive $3.020 billion above FY 2024 levels for an annual percentage growth value of +10.0%. On a net basis, when subtracting out distributions to the Refund Fund and the Local Government Distributive Fund, the net growth was $2.569 billion. As discussed throughout the year, while steady employment and rising wages supported base growth, the overall increase was significantly bolstered by approximately $1.290 billion in business-related income tax revenues reallocated to Personal Income Tax as part of the Department of Revenue's annual "true-up" process.

While the Personal Income Tax performed quite well, Corporate Income Tax receipts struggled to keep up with last year's pace for much of FY 2025. The fiscal year total of $5.904 billion is $621 million less than the amount received in FY 2024, a decline of -9.5%. On a net basis, this equated to a decline of $499 million. However, as was the case last year, much of the decline can be attributed to the negative impact of the Corporate Income Tax "true-up," which reduced FY 2025 totals by approximately $268 million. In addition, a downward adjustment to current business-related tax allocation rates was implemented to help avoid similarly large true-ups in future fiscal years.

Sales Tax receipts delivered a generally disappointing performance in FY 2025, despite some recent improvement. Gross receipts increased by just $84 million, or +0.7%, for the year. On a net basis—after excluding distributions to the Road Fund and other transportation-related funds—the gain was only slightly better at $108 million, or 1.0%. The sluggish annual growth can be largely attributed to a weak start to the fiscal year, with Sales Tax revenues down 4.5% after the first quarter. Although collections gradually improved, showing positive growth in 8 of the final 9 months, the full-year increase of 0.7% still falls well below the 15-year average of 3.1%. Several factors likely contributed to the underperformance, including lower motor fuel prices, reduced big-ticket purchases, and broader economic uncertainty. While the nearly 3% growth seen in the second half of the year offers some optimism, it remains to be seen whether this upward trend will continue into FY 2026.

In terms of the remaining State Sources, revenues were a combined $264 million above last year's levels. The largest increase came from Other Sources with a collective gain of $116 million. Much of this growth stems from this month's $69 million increase due to higher distributions from the Build Illinois Escrow Account. Also contributing to the categorical increase were higher revenues from

Insurance Taxes and Fees [+$88 million], Interest on State Funds & Investments [+$87 million]; and Public Utility Taxes [+$21 million]. These revenue sources offset comparatively lower tax receipts from the Estate Tax [-$24 million]; the Cigarette Tax [-$13 million]; the Liquor Tax [-$6 million]; and the Corporate Franchise Tax [-$5 million].

In the category of Transfers In, the results were mixed. While the implementation of the new Sports Wagering Transfer contributed $203 million in additional revenue, overall transfers declined by $40 million. The primary driver of this drop in FY 2025 was a $302 million reduction from the Income Tax Refund Fund Transfer. Also contributing to the overall decline was a down year for Lottery Transfers, which fell $100 million in FY 2025. Cannabis Transfers were effectively flat this fiscal year with a small decline of $1 million. These declines in transfers offset the $28 million rise in casino-related Gaming Transfers and the $132 million increase in Other Transfers. If including FY 2024's $248 million in one-time transfers that the State received from excess P.A. 102-700 funds, the overall change in transfers would be reduced to a year-over-year decline of $288 million.

Federal Sources declined by $178 million in FY 2025 on a base comparison, representing a 4.6% decrease. When factoring in one-time revenues—such as $633 million in FY 2024 related to prior-year federal matching and $65 million in ARPA Reimbursement for Essential Government Services deposited in FY 2025—the year-over-year decline in Federal Sources deepens to $746 million. As shown in the table on page 7, federal revenues for FY 2025 fell well short of original expectations ($3.715 billion instead of budget value of $4.024 billion). However, the strong growth in State-source revenues more than offset this shortfall, allowing total General Funds revenues to meet—and slightly exceed—the Commission's most recent forecast for FY 2025.

Summary of Receipts

GENERAL FUNDS RECEIPTS: YEAR END

FY 2024 vs. FY 2025

($ millions)

Revenue Sources	FY 2024	FY 2025	$ CHANGE	% CHANGE
Net Personal Income Tax	$25,605	$28,174	$2,569	10.0%
Net Corporate Income Tax	$5,227	$4,728	($499)	-9.5%
Net Sales Tax	$10,465	$10,574	$109	1.0%
All Other State Sources	$3,968	$4,232	$264	6.7%
Transfers In	$2,550	$2,510	($40)	-1.6%
Federal Sources [base]	$3,893	$3,715	($178)	-4.6%
Base General Funds	$51,708	$53,933	$2,225	4.3%
Non-Base Gen Funds Revenues	$881	$65	($816)	N/A
Total General Funds	**$52,589**	**$53,998**	**$1,409**	**2.7%**

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 1-Jul-25

GENERAL FUNDS RECEIPTS: YEAR END

FY 2024 vs. FY 2025

($ millions)

Revenue Sources	FY 2024	FY 2025	$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	$30,134	$33,154	$3,020	10.0%
Corporate Income Tax (regular)	6,525	5,904	(621)	-9.5%
Sales Taxes	11,710	11,794	84	0.7%
Public Utility Taxes (regular)	695	716	21	3.0%
Cigarette Tax	204	191	(13)	-6.4%
Liquor Gallonage Taxes	179	173	(6)	-3.4%
Estate Tax	627	603	(24)	-3.8%
Insurance Taxes and Fees	486	574	88	18.1%
Corporate Franchise Tax & Fees	202	197	(5)	-2.5%
Interest on State Funds & Investments	654	741	87	13.3%
Cook County IGT	244	244	0	0.0%
Other Sources	677	793	116	17.1%
Total State Taxes	$52,337	$55,084	$2,747	5.2%
Transfers In				
Lottery	$877	$777	($100)	-11.4%
Gaming	158	186	28	17.7%
Sports Wagering	0	203	203	N/A
Cannabis	114	113	(1)	-0.9%
Refund Fund	555	253	(302)	-54.4%
Other	846	978	132	15.6%
Total Transfers In	$2,550	$2,510	($40)	-1.6%
Total State Sources	$54,887	$57,594	$2,707	4.9%
Federal Sources [base]	$3,893	$3,715	($178)	-4.6%
Total Federal & State Sources	$58,780	$61,309	$2,529	4.3%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	($2,758)	($3,031)	($273)	9.9%
Corporate Income Tax	(914)	(827)	87	-9.5%
Local Government Distributive Fund				
Personal Income Tax	(1,771)	(1,949)	(178)	10.1%
Corporate Income Tax	(384)	(348)	36	-9.4%
Sales Tax Distributions				
Deposits into Road Fund	(570)	(698)	(128)	22.5%
Distribution to the PTF and DPTF	(675)	(522)	153	-22.7%
General Funds Subtotal [Base]	**$51,708**	**$53,933**	**$2,225**	**4.3%**
Transfer of Excess PA 102-700 Funds to GRF	$248	$0	($248)	-100.0%
Prior Year Federal Matching Funds	$633	$0	($633)	-100.0%
ARPA Reimb. for Essential Gov't Services	$0	$65	$65	N/A
Total General Funds	**$52,589**	**$53,998**	**$1,409**	**2.7%**

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 1-Jul-25

Review of FY 2025 Revenue Estimates vs. Actuals

The FY 2025 budget was originally enacted with an assumed revenue total of $53.281 billion. After analyzing revenue performance through the first half of the fiscal year, the Commission revised its estimate upward in March 2025 by $333 million, bringing the total to $53.614 billion. This estimate was below GOMB's February 2025 estimate of $53.900 billion. At that time, the Commission opted for a more cautious approach, choosing to wait for the results of the highly variable April tax filing period before making further adjustments.

The steady performance of Income Tax receipts during the critical April filing period, combined with improvements in other State revenue sources, prompted the Commission to raise its FY 2025 forecast by $317 million in early May to a revised estimate of $53.931 billion. Shortly thereafter, the Governor's Office of Management and Budget updated its projection to $53.919 billion—just $12 million below the Commission's revised forecast.

As shown in the table below (and on the following page), these revised estimates were very close to the FY 2025 actual total of $53.998 billion. **The General Funds revenue total of $53.998 billion was only $67 million above the Commission's latest forecast for a mere difference of 0.12%.** Actuals exceeded the GOMB forecast by $80 million, a difference of only 0.15%.

In summary, it was a solid year for General Funds receipts in Illinois, particularly when measured against the enacted budget. Revenues ultimately exceeded initial expectations by $717 million, or +1.3%, largely driven by higher-than-anticipated Personal Income Tax collections, which helped offset underperforming revenues from the other categories. While the year-over-year growth over FY 2024 was relatively modest at +2.7%, the FY 2025 total of $53.998 billion marks the highest annual General Funds revenue on record for the State of Illinois. Whether this record will be surpassed in FY 2026 remains to be seen, though the FY 2026 enacted budget assumes revenues of $55.297 billion – nearly $1.3 billion above the FY 2025 final total.

Receipts in Detail

FY 2025 Actuals vs. Enacted Budget Assumed Revenues and the Most Recent Estimates of CGFA & GOMB

$ in millions

Revenue Sources	FY 2025 Actuals	Enacted FY 2025	Actuals vs Enacted	% Difference	CGFA May '25	Actuals vs CGFA	% Difference	GOMB May '25	Actuals vs GOMB	% Difference
Net Personal Income Tax	**$28,174**	$26,507	$1,667	6.3%	$28,159	$15	0.1%	$28,121	$53	0.2%
Net Corporate Income Tax	**$4,728**	$5,378	($650)	-12.1%	$4,821	($93)	-1.9%	$4,812	($84)	-1.7%
Net Sales Tax	**$10,574**	$10,907	($333)	-3.1%	$10,583	($9)	-0.1%	$10,550	$24	0.2%
All Other State Sources	**$4,232**	$3,904	$328	8.4%	$4,181	$51	1.2%	$4,148	$84	2.0%
Transfers In	**$2,510**	$2,561	($51)	-2.0%	$2,372	$138	5.8%	$2,375	$135	5.7%
Federal Sources [base]	**$3,715**	$4,024	($309)	-7.7%	$3,750	($35)	-0.9%	$3,847	($132)	-3.4%
Base General Funds	**$53,933**	$53,281	$652	1.2%	$53,866	$67	0.1%	$53,854	$80	0.1%
Non-Base Gen Funds Revenues	**$65**	$0	$65	N/A	$65	$0	0.0%	$65	$0	0.0%
Total General Funds	**$53,998**	**$53,281**	**$717**	**1.3%**	**$53,931**	**$67**	**0.12%**	**$53,919**	**$80**	**0.15%**

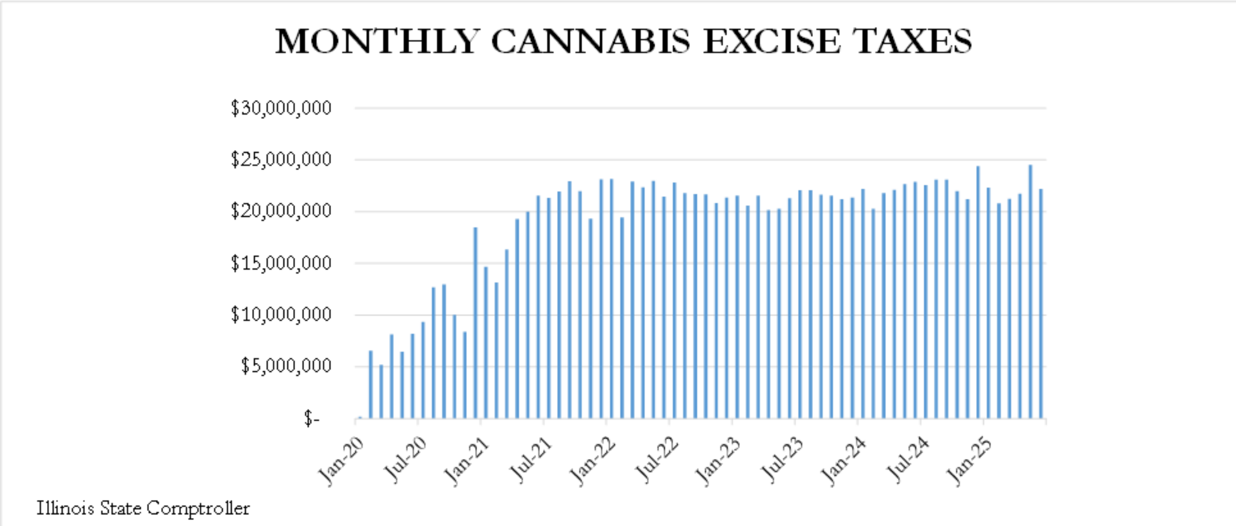
CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding

Receipts in Detail
FY 2025 Actuals vs. CGFA & GOMB Estimates
$ in millions

Revenue Sources	FY 2025 Actuals	CGFA May '25	Actuals vs CGFA	% Difference	GOMB May '25	Actuals vs GOMB	% Difference
State Taxes							
Personal Income Tax	$33,154	$33,139	$15	0.0%	$33,094	$60	0.2%
Corporate Income Tax (regular)	5,904	6,017	($113)	-1.9%	6,007	($103)	-1.7%
Sales Taxes	11,794	11,791	$3	0.0%	11,758	$36	0.3%
Public Utility Taxes (regular)	716	715	$1	0.1%	716	$0	0.0%
Cigarette Tax	191	193	($2)	-1.0%	190	$1	0.5%
Liquor Gallonage Taxes	173	177	($4)	-2.3%	178	($5)	-2.8%
Estate Tax	603	600	$3	0.5%	600	$3	0.5%
Insurance Taxes and Fees	574	555	$19	3.4%	557	$17	3.1%
Corporate Franchise Tax & Fees	197	190	$7	3.7%	176	$21	11.9%
Interest on State Funds & Investments	741	760	($19)	-2.5%	738	$3	0.4%
Cook County IGT	244	244	$0	0.0%	244	$0	0.0%
Other Sources	793	747	46	6.2%	749	44	5.9%
Total State Taxes	$55,084	$55,128	($44)	-0.1%	$55,007	$77	0.1%
Transfers In							
Lottery	$777	$800	($23)	-2.9%	$800	($23)	-2.9%
Gaming	186	190	($4)	-2.1%	187	($1)	-0.5%
Sports Wagering	203	200	$3	1.5%	205	($2)	-1.0%
Cannabis	113	118	($5)	-4.2%	116	($3)	-2.6%
Refund Fund	253	253	$0	0.0%	253	$0	0.0%
Other	978	811	167	20.6%	814	164	20.1%
Total Transfers In	$2,510	$2,372	$138	5.8%	$2,375	$135	5.7%
Total State Sources	$57,594	$57,500	$94	0.2%	$57,382	$212	0.4%
Federal Sources [base]	$3,715	$3,750	($35)	-0.9%	$3,847	($132)	-3.4%
Total Federal & State Sources	$61,309	$61,250	$59	0.1%	$61,229	$80	0.1%
Nongeneral Funds Distributions/Direct Receipts:							
Refund Fund							
Personal Income Tax	(3,031)	($3,032)	$1	0.0%	($3,028)	($3)	0.1%
Corporate Income Tax	(827)	(842)	15	-1.8%	(841)	14	-1.7%
Personal Income Tax	(1,949)	(1,948)	(1)	0.1%	(1,945)	(4)	0.2%
Corporate Income Tax	(348)	(354)	6	-1.7%	(354)	6	-1.7%
Sales Tax Distributions							
Deposits into Road Fund	(698)	(698)	0	0.0%	(698)	0	0.0%
Distribution to the PTF and DPTF	(522)	(510)	(12)	2.4%	(510)	(12)	2.4%
General Funds Subtotal [Base]	$53,933	$53,866	$67	0.1%	$53,854	$79	0.1%
Transfer of Excess PA 102-700 Funds to GRF	0	$0	$0	N/A	$0	$0	N/A
Prior Year Federal Matching Funds	0	$0	$0	N/A	$0	$0	N/A
ARPA Reimb. for Essential Gov't Services	65	$65	$0	0.0%	$65	$0	0.0%
Total General Funds	**$53,998**	**$53,931**	**$67**	**0.12%**	**$53,919**	**$79**	**0.15%**

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding

Cannabis Quarterly – 4th Quarter FY 2025



CANNABIS REGULATION FUND REVENUE ($ millions)								
Revenue Source	FY24 Q4	FY25 Q4	$ Change	% Change	FY24 YTD	FY25 YTD	$ Change	% Change
State Cannabis Excise Taxes	$67.6	$68.4	$0.8	1.1%	$261.7	$269.0	$7.3	2.8%
Licenses and Registration Fees	$4.8	$2.8	($2.0)	-42.2%	$18.9	$11.7	($7.2)	-38.3%
Other Revenue	$0.1	$0.0	($0.1)	-67.1%	$0.1	$0.3	$0.2	132.2%
Total	**$72.5**	**$71.2**	**($1.3)**	**-1.8%**	**$280.8**	**$281.0**	**$0.2**	**0.1%**
Illinois State Comptroller, CGFA								

CANNABIS REGULATION FUND EXPENDITURES ($ millions)								
Object of Expenditure	FY24 Q4	FY25 Q4	$ Change	% Change	FY24 YTD	FY25 YTD	$ Change	% Change
Transfer - General Revenue Fund	$23.8	$22.1	($1.7)	-7.0%	$88.7	$87.8	($0.9)	-1.0%
Transfer - Professional Services	$0.0	$0.0	$0.0	n/a	$0.0	$0.0	$0.0	30.0%
Transfer - Workers' Compensation Revolving	$0.0	$0.0	$0.0	n/a	$0.0	$0.1	$0.0	27.4%
Transfer - Criminal Justice Info Projects	$17.0	$15.8	($1.2)	-7.0%	$63.4	$62.7	($0.6)	-1.0%
Transfer - Drug Treatment	$1.4	$1.3	($0.1)	-7.0%	$5.1	$5.0	($0.0)	-1.0%
Transfer - DHS Community Services	$13.6	$12.6	($1.0)	-7.0%	$50.7	$50.2	($0.5)	-1.0%
Transfer - Local Government Distributive Fund	$5.4	$5.1	($0.4)	-7.0%	$20.3	$20.1	($0.2)	-1.0%
Transfer - Budget Stabilization	$6.8	$6.3	($0.5)	-7.0%	$25.3	$25.1	($0.2)	-1.0%
Transfer - Cannabis Expungement	$0.7	$0.7	$0.0	0.0%	$2.8	$2.8	$0.0	0.0%
Transfer Total	**$68.7**	**$63.9**	**($4.8)**	**-6.9%**	**$256.3**	**$253.9**	**($2.4)**	**-0.9%**
Operations - Agriculture	$3.2	$2.5	($0.7)	-22.7%	$7.8	$9.8	$2.1	26.5%
Operations - Commerce and Econ. Opportunity	$0.7	$0.3	($0.4)	-55.0%	$1.2	$0.9	($0.2)	-19.2%
Operations - Financial Professional Regulation	$1.8	$2.4	$0.6	30.4%	$6.3	$6.7	$0.4	5.5%
Operations - Public Health	$0.0	$0.0	$0.0	n/a	$0.0	$0.0	$0.0	n/a
Operations - Revenue	$0.0	$0.1	$0.1	n/a	$1.5	$1.7	$0.2	11.2%
Operations - State Police	$0.9	$1.0	$0.2	18.2%	$2.6	$3.3	$0.7	27.9%
Operations - Criminal Justice Information Authority	$0.0	$0.0	$0.0	n/a	$0.0	$0.0	$0.0	n/a
Operations Total	**$6.6**	**$6.3**	**($0.3)**	**-4.0%**	**$19.4**	**$22.5**	**$3.1**	**15.9%**
Grand Total	**$75.2**	**$70.2**	**($5.0)**	**-6.7%**	**$275.7**	**$276.4**	**$0.7**	**0.2%**
Illinois State Comptroller, CGFA								

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

INDICATORS*	LATEST MONTH	PRIOR MONTH	A YEAR AGO
Unemployment Rate (Average) (May)	4.8%	4.8%	5.1%
Inflation in Chicago (12-month percent change) (May))	3.3%	3.1%	3.1%

	LATEST MONTH	CHANGE OVER PRIOR MONTH	CHANGE OVER A YEAR AGO
Civilian Labor Force (thousands) (May)	6,622.9	-0.2%	0.0%
Employment (thousands) (May)	6,304.4	-0.1%	0.3%
Nonfarm Payroll Employment (May)	6,166,100	100	21,200
New Car & Truck Registration (May)	41,602	-5.9%	7.1%
Single Family Housing Permits (May)	976	-3.3%	-8.0%
Total Exports ($ bil) (Apr.)	7.58	-2.1%	12.9%
Chicago Purchasing Managers Index (June)	40.4	-0.2%	-14.8%

* Due to monthly fluctuations, trend best shown by % change from a year ago

Spring 2025 Pension Legislation Overview
Dan Hankiewicz, Pension Unit Manager

Below is a summary of all the substantive pension bills that passed both chambers of the General Assembly during the spring 2025 legislative session. Those bills that have been signed into law are denoted with the appropriate Public Act number.

HB 1075 (P.A. 104-0002)

Sponsors: Gabel (Sims)

Passed House:	103-0-0
Passed Senate:	32-23-0
House Concurrence:	74-41-0

HB 1075 is the Fiscal Year 2026 Budget Implementation Act. The legislation includes a reactive mechanism to protect employers and employees participating in Tier 2 pension plans in TRS, SURS, and SERS from potential Social Security Safe Harbor violations.

Illinois' non-public safety Tier 2 pension benefit plan, created in 2010 via the enactment of P.A. 96-1495, covers public employees hired on or after January 1, 2011. It includes a cap on pensionable earnings equal to $127,283 in 2025 – significantly below the current Social Security Wage Base (SSWB) of $176,100. The disparity between the Tier 2 pensionable earnings cap and the SSWB has raised concerns that benefits may fall below federal minimums required to avoid Social Security taxes for not meeting IRS Safe Harbor requirements. These requirements generally hold that a defined benefit plan that operates independently of Social Security must offer benefits at least as generous as those offered under Social Security.

A June 5, 2023 report provided by CGFA's consulting actuary, Segal, analyzed a potential Tier 2 benefit change that would satisfy Safe Harbor requirements. The findings include, but are not limited to, those outlined below:

- Increasing the cap on pensionable earnings from the current amount to the SSWB for TRS, SERS, and SURS Tier 2 members under the general formula would eliminate the Safe Harbor adjustment for compensation and would eliminate any compliance issues for impacted employees and employers; and

- Increasing the cap on pensionable earnings from the current amount to the SSWB for SURS Police and Fire Tier 2 employees with less than 20 years of service would eliminate the Safe Harbor adjustment for compensation and would also eliminate any compliance issues for impacted employees and employers.

HB 1075 includes two provisions in response to potential Tier 2 Safe Harbor issues.

The first provision creates the Tier 2 SSWB Reserve Fund. Subject to appropriation, the fund would make additional State contributions tied to future legislative adjustments to the Tier 2 earnings limitation (i.e., raising the Tier 2 pensionable salary cap to the SSWB). An initial amount of $75 million is transferred from the General Revenue Fund (GRF) to the Tier 2 SSWB Reserve Fund. Distributions from the Fund shall be allocated as follows:

- 5.1% to the State Employees' Retirement System of Illinois;
- 83.3% to the Teachers' Retirement System of the State of Illinois; and
- 11.6% to the State Universities Retirement System.

According to TRS, this provision does not empower the systems to raise the cap unilaterally; a substantive change to the Tier 2 earnings limit must be enacted by the General Assembly.

The second provision included in HB 1075 creates a fallback mechanism in the event that a ruling from a federal authority finds an Illinois Tier 2 plan does not satisfy the Safe Harbor requirement and Federal Insurance Contributions Act (FICA) taxes become applicable. HB 1075 allows the SSWB Reserve Fund to be used to supplement benefits for affected members in the event such a ruling is passed down from a federal authority. The language of this provision focuses on benefit payouts, not system changes such as the accrual rate of service or the salary used to determine benefits. This is framed as a continuing appropriation to make impacted Tier 2 employees' pensions whole if a Safe Harbor failure occurs.

<u>HB 1648</u>

Sponsors: Stephens (DeWitte)

Passed House:	114-0-0
Passed Senate:	58-0-0

Under current law, pension benefits provided under the Downstate Firefighter Article of the Illinois Pension Code cannot generally be transferred, assigned, or seized, except for court orders related to child support or spousal maintenance. This prohibition is common amongst all Illinois public pension funds, and is intended to protect pension annuities from seizure or use for debt settlement. House Bill 1648 creates an exemption to this transferal prohibition in Downstate Fire funds if the annuitant grants written approval allowing for payments to firefighter-affiliated organizations or for hospitalization insurance.

HB 3193

Sponsors: Kifowit (Martwick)

Passed House:	85-26-0
Passed Senate:	57-0-0
House Concurrence:	103-12-1

HB 3193 is a pension omnibus bill composed primarily of measures introduced in the 104th General Assembly. Each provision is detailed below, with original bill numbers noted where applicable.

Retired Teachers' Pro Rata Benefit Reduction Over Max Allotted Days Returned to Work (Originally SB 1188)

Currently, CTPF annuitants can return to work without suffering an impairment in their annuities if they limit their service to 140 days in a school year before July 1, 2027, and 120 days in a school year after that date. The 120 day/140 day standard was put into place via P.A. 102-1090, which took effect on June 10, 2022, and was later extended to the aforementioned sunset date by P.A. 103-0588, effective on June 5, 2024. P.A. 99-0786, which took effect on August 12, 2016, allows CTPF annuitants who return to work as driver's ed teachers to work no more than 900 hours in a school year.

HB 3193 makes two changes to the return-to-service program. First, the bill stipulates that if a CTPF annuitant works more than the number of days allowed (140 or 120, as the case may be) and is subject to a complete suspension of their retirement annuity as a result, that member shall instead have their annuity reduced on a pro-rata basis for each day worked in excess of the applicable limit. Secondly, the bill provides that if retired driver's ed teachers work more than 900 hours in a school year, their pensions shall be withheld on a pro-rata basis for each period of 7.5 hours in excess of 900 hours.

These changes would apply retroactively to July 1, 2020. If HB 3193 becomes law, those annuitants who violated the return-to-work time restrictions and had their pensions suspended would be eligible to have such amounts refunded to them on a pro-rata basis, with interest at 6.5%, compounded annually. In other words, the amount of the refund would be proportional to time worked beyond the restrictions, with interest.

Service Credit for Elected Officials Who Fail to File Opt-Out Paperwork – Illinois Municipal Retirement Fund (IMRF) (Originally SB 1269)

Under current law, a person holding an elective office must elect to participate in IMRF to receive service credit for that elective service. If they do not make an affirmative election to participate in the Fund, they would not be eligible to receive service credit for that service.

HB 3193 provides that a person who holds an elective office and did not elect to participate in the Fund for that elected position may still receive service credit for that position if the following conditions are met: the member participated in a non-elected position with the employer with which they are now an elected official prior to becoming an elected official; both the member and the employer have continued to make the required contributions for that period of service; and there is no gap in service credit between the two positions. So, in essence, this type of elective office service credit can only be established when transitioning seamlessly from one IMRF-covered position to another.

This provision is an initiative of IMRF that is meant to address situations that occur mostly in smaller municipalities. For example, a participating member works in a non-elected job, such as a public works director and then gets elected to office, such as a mayor, with the same IMRF employer. Since the member has previously participated in IMRF, neither the elected official nor the employer realizes the member needs to make an affirmative election to participate in the Fund for the elected position. IMRF says that such small municipalities can go months or years without realizing this error, the only redress for which is a refund of member contributions for the elective service. HB 3193 addresses this situation by allowing the elected official's continued deduction and remittance of member contributions for this time to be considered their election to continue in IMRF with respect to the elective service. This change is prospective only.

Disability Benefit Adjustments - Metropolitan Water Reclamation District Retirement Fund (MWRDRF) (Originally SB 1421)

Definition of 'Salary' for Disability Benefits

HB 3193 clarifies that for disability benefits, the term "salary" shall be the salary on which the disability benefit is based. By adopting this strict definition of salary, the bill ensures that payments such as overtime, termination pay, and unused leave payouts will not impact an employee's disability benefit.

Annual Medical Exams for Ordinary Disability Benefits

Currently, ordinary disability (non-duty) benefits are payable in the MWRD fund after an employee is examined by at least one licensed health care professional. No ongoing exams are required after the initial medical determination of disability. HB 3193 requires that the disabled employee be examined at least annually by a licensed health care professional appointed by the MWRD Board of Trustees. This change would bring MWRD in line with the practice of other systems, such as TRS and SERS, that require such periodic exams for disability annuitants.

Subpoena Powers to Compel the Production of Records

HB 3193 grants the MWRD board the authority to issue subpoenas to compel witness testimony and the production of documents related to pension fund matters. The bill specifies that subpoenas can be used for disability claims, administrative reviews, and debt collection, among other matters. Witness fees must match those paid out in circuit courts (generally $20 per day and $0.20 per mile for travel). The bill empowers the board to seek court enforcement of subpoenas, and board members would be given the power to administer oaths to witnesses.

Pensionable Service Credit Accrual Enhancement – Chicago Teachers' Pension Fund (CTPF) (Originally SB 1450)

Under current law, CTPF members receive one day of service credit for each day of salary representing a partial or full day of employment; 17 or more days of service constitutes a month; and 170 days or more of service, or 10 or more months constitutes a year. HB 3193 would allow teachers to accrue service credit under current law or, if they meet the 50% work threshold in 10-day periods, they would receive 10 days of service credit per period. (170 days of service is needed to establish one year of service credit in CTPF.)

Under current law, TRS members also receive one year of service credit for 170 days of salary representing a full day of employment. TRS members who earn salary for less than 170 days receive service credit at a ratio of number of days paid to 170 days. SURS members receive one year of service credit for 8 or more months of service, ¾ of one year for 6-7 months of service, ½ of one year for 3-5 months of service, and ¼ of one year for 1-2 months of service.

Indemnification of Trustees, Consultants, & Employees of Retirement Systems & Pension Funds – General Provisions (Originally SB 1710)

Under current law, retirement systems may indemnify (compensate for legal liabilities or losses) and provide legal defense to trustees, consultants, and employees to protect them from damage claims alleging negligence or wrongdoing. Indemnities are not given in cases of willful misconduct and gross negligence. Individual pension boards are expected to have insurance policies to protect against loss or liability relating to these damage claims.

HB 3193 changes the language from "may" to "shall" in regard to providing indemnities to the accused, whether staff, trustees, or consultants. Providing indemnities thus would become an obligation instead of an option for retirement systems. Most retirement systems already indemnify trustees with SURS and SERS verifying that to be the case, so the impact of the bill is negligible. The bill also changes the language from "may" to "shall" in regard to providing indemnities to the accused, but only for trustees and staff. Pension funds would retain the option to indemnify outside consultants, but would not be obligated to do so.

Addition of Breast Cancer to List of Occupational Diseases Eligible for Disability Benefit – Chicago Fire (Originally SB 1712)

HB 3193 amends the Chicago Fire Article of the Pension Code to recognize breast cancer as a qualifying condition for an occupational disease disability (ODD) pension. In order to qualify for this benefit, the firefighter must have completed 7 or more years of service. Currently, the Chicago Fire Article recognizes conditions such as heart disease, tuberculosis, AIDS, hepatitis C, and stroke, among other conditions, as qualifying for an ODD pension.

The chart below outlines the key differences between a non-occupational disability pension and an occupational disease disability pension that would apply to a firefighter diagnosed with breast cancer:

Provision	Current Law (Non-Occupational Disability)	HB 3193, as amended by SA 2 (Occupational Disease Disability)
Covered Condition	Any medical condition not presumed job-related, including breast cancer	Breast cancer (automatically presumed job-related)
Benefit Amount	50% of salary	65% of salary (minimum 50% after 10 years)
Duration of Benefit	Max of 5 years or 25% of total service time	Until mandatory retirement age of 63*

Currently, neither the Downstate Fire Article nor IMRF Sheriff's Law Enforcement Personnel (SLEP) recognize breast cancer as a qualifying condition for an occupational disease disability pension.

Survivor Insurance Deadline Adjustment to Waive Survivor Benefits – State University Retirement System (SURS) (Originally SB 1894)

Currently, under the State Universities Article of the Illinois Pension Code, a survivors insurance beneficiary or their personal representative may waive the right to survivorship benefits, but the waiver must be submitted within six months of the participant or annuitant's death. HB 3193 changes this timeframe, requiring the waiver to be submitted within six months of the System notifying the beneficiary of payable benefits, rather than from the date of death. This gives beneficiaries more time to make an informed decision, as some may waive the benefit for estate planning, tax reasons, or if the payment is minimal and not worth the administrative burden.

"Accelerated Payments" Schedule Extension – IMRF (Originally SB 1925)

Under current law, IMRF employers are required to compensate IMRF for any salary increase over 6% or 1.5 times the Consumer Price Index-U as of the previous September (whichever is greater) during an employee's Final Rate of Earnings (FRE) period. Such an increase is referred to as an "accelerated payment" and applies to any such increase on or after the enactment of P.A. 97-0609, effective January 1st 2012, and to members retiring on or after February 1, 2012. The FRE period differs based upon an employee's Tier, and is explained in the chart below.

Tier	Final Rate of Earnings (FRE) Period
Tier 1	The highest total Earnings during any 48 consecutive months within the last 10 years of IMRF service.
Tier 2	The highest total earnings during any 96 consecutive months within the last 10 years of IMRF service.

Once an accelerated payment at or over $5,000 is detected, IMRF shall send an "accelerated payment invoice" to the pertinent employer. The employer may compensate IMRF with a lump sum payment within 90 days of the invoice, after which they will be charged interest starting on the 91st day at the rate of the fund's actuarially assumed rate of return until they have paid the full amount. The employer must fully compensate IMRF within 3 years of receiving the invoice. Accelerated payments less than $5,000 are factored into an employer's annual IMRF contribution rate instead.

HB 3193 amends the IMRF article of the Illinois pension code to give IMRF employers 7 instead of 3 years to fully compensate IMRF for accelerated payments. Interest will accrue starting on the 91st day until IMRF is fully compensated within the new 7-year deadline.

Supplemental Savings Plan Technical Cleanup – TRS (Originally SB 1933)

Under current law, the Supplemental Savings Plan (SSP) is available to active TRS members, who are automatically enrolled after a 30-day period. Once enrolled, TRS members contribute 3% of their pre-tax gross compensation to SSP, but can withdraw from the plan within 90 days and receive a refund of their compensation, adjusted for earnings and investment & administrative fees.

HB 3193 makes the following technical changes to the TRS article of the Illinois Pension Code to better carry out the administration of the SSP.

Technical Changes to SSP Provisions

- Specifies that “full-time or part-time contractual members” are eligible to participate;
- Changes “days of enrollment” to “days following the member’s initial contribution” in regard to the 90-day deadline for withdrawals; and
- Makes explicit that should a participant withdraw, their matching employer contribution shall be forfeited, consistent with current TRS policy.

Notice Period Definitional Refinement

The 30-day notice period is replaced with a new “notice period” defined as a period of time used to notify employees of their rights and obligations, including their ability to opt out of the plan, explain how their contributions will be used for investments, and allowing for a reasonable amount of time to opt out before making payments. The new notice period implemented by SB 1933 aligns with the federal standard found in the Internal Revenue Code (IRC Section 414 (w)).

The Internal Revenue Code does not provide a rigid definition of what is considered a “reasonable amount of time,” but the IRS website states that all EACA plans must provide employees a notice of at least 30 days, but not more than 90 days. The industry standard notice period is 30 days as well. Hence, under HB 3193, TRS’s current 30-day notice will remain the same, but will now follow the aforementioned federal standard if additional time is needed for any reason.

Restrictions On Membership

HB 3193 excludes certain SERS employees from participating in SSP.

Those excluded employees are:

- Employees that certify payroll to the State Comptroller, or the State Treasurer, should such payroll use state appropriations;
- Employee of the Illinois Finance Authority; and
- Employee of the Illinois Comprehensive Health Insurance Board

According to TRS, such SERS members are already ineligible to participate in the SSP for TRS.

Six-Month Window for Downstate Police to Transfer Service Credit to IMRF (Originally SB 1986)

Under current law there is no reciprocity between Downstate Police pension funds and IMRF. A previous transfer window created by P.A. 102-1061, effective June 10 2022, had allowed for the transfer of 10 years of service credit from Downstate Police to IMRF SLEP from July 1, 2022 to Dec. 1, 2022. Applicants were required to pay the difference between their employer and employee contributions from Downstate Police, and the equivalent contributions plus interest at IMRF's actuarially assumed rate had the service been rendered in IMRF SLEP for the equivalent service credits (as determined by IMRF).

HB 3193 reopens the aforementioned transfer window for six months from the effective date of the bill, without a cap on the amount of service credits transferred. An applicant transfers along with their service credit their employee contributions, employer contributions and any applicable interest rate that shall be determined by IMRF (7.25% as of their 2023 CAFR).

Should there be a difference between the applicant's incoming contributions from Downstate Fire and the IMRF-determined contributions for the equivalent amount of service credit, the applicant is given two options on how to address the difference, and a third (should they bring in contributions in excess of the equivalent service credits) that is chosen for them. These scenarios are explained in the chart below.

If there is a difference between Downstate Police and IMRF contributions.		
Cause of difference	**The applicant elects…**	**Solution**
Downstate Police contribution is lower than the IMRF required contribution	to pay the difference	Applicant pays the shortfall between their Downstate Fire contributions, and the IMRF determined contribution plus the IMRF's actuarially determined interest rate (7.25%)
	to waive service credit in excess of the equivalent in IMRF contributions	Service credit reduced by IMRF until it matches the service credit equivalent of the transferred contributions, plus the IMRF's actuarially determined interest rate (7.25%)
Downstate Police contribution is higher than the IMRF required contribution	to do nothing*	Excess contributions are awarded to their IMRF employer

**HB 3193 does not allow for the creation service credit in excess of that for which contributions are transferred. Thus, excess contributions would be forfeited to the IMRF employer.*

As previously mentioned, the service credit window opened by HB 3193 is effective for 6 months following the date of enactment.

Tier 2 Final Average Salary (FAS) Provisions Adjustment (Originally SB 1895)

The Illinois Pension Code was amended by P.A. 96-1490, effective 1/1/2011, to allow Tier 2 SURS participants two different means of calculating Final Average Salary (FAS), which is further explained in the chart below.

Type	Method of Calculation
Monthly	The total earnings of the employee during the 96 consecutive months in which the total earnings were the highest within the last 120 months
Annual	Average earnings during the 8 highest consecutive academic years of the last 10 academic years

Under current law, SURS Tier 2 participants who are paid hourly, or receive an annual salary in installments (non-faculty members) have their FAS determined by the Monthly calculation. All other SURS Tier 2 participants instead have their FAS determined by the Annual calculation.

HB 3193 amends the SURS article to instead calculate Tier 2 non-faculty members' FAS using either the yearly or monthly calculation, depending on which has the highest FAS. SURS maintains that the bill is intended to ensure that SURS Tier 2 is administered consistently with the legislative intent of the 2011 Tier 2 law and also consistent with the practices of other systems governed under the Illinois Pension Code.

New Benefit Increase Review: *Section 15-198 of the Illinois Pension Code establishes a review framework for "new benefit increases," requiring that any such increase (1) expand eligibility or increase benefit value, and (2) be accompanied by additional funding to cover the cost "as it accrues." The foregoing provision allows Tier 2 non-faculty members to use the more favorable of two FAS calculation methods and thus meets the statutory definition of a new benefit increase under subsection (a) of Section 15-198. However, it fails the statute's funding requirement because the law does not establish or provide additional funding at enactment. As a result, the lack of an explicitly identifiable funding source means there is no statutory basis for CGFA to conduct a formal review.*

Changes to Illinois Firefighters' Pension Investment Fund (IFPIF) Participant Trustee Election Requirements (New Language)

Under current law, 3 of the 9 seats on the Illinois Fire Pension Investment Fund (IFPIF) Board are designated as "participant trustees," elected by active firefighters covered under Article 4 of the Pension Code. To qualify, candidates must submit petitions signed by at least 400 active participants. HB 3193 would reduce this threshold to 200 and authorize board elections to be conducted by internet, phone, or both.

Extended Repayment Period for FAS Penalty – SURS & TRS (New Language)

Currently, participating employers in the State Universities Retirement System (SURS) and the Teachers' Retirement System (TRS) must pay a penalty—commonly referred to as the Final Average Salary (FAS) penalty—when an employee's end-of-career salary increase exceeds 6% over the prior year's salary with the same employer. This penalty reflects the present value of the increased pension benefits resulting from the excess earnings. Under current law, repayment must be completed within 3 years of billing.

HB 3193 extends the repayment period from 3 years to 7 years.

Labor Organization Withholding – IMRF (New Language)

Currently, IMRF annuitants may authorize a portion of their annuity to be withheld for payment to a designated labor organization, but only for union dues. HB 3193 expands this authority to allow withholding for other types of payments to labor organizations, not just dues. The bill does not specify what other types of payments can be made, only that such withholdings cannot be confined to dues.

Optional TRS Service Credit for Career & Technical Educators (New Language)

HB 3193 allows members of the Teachers' Retirement System (TRS) to establish up to 2 years of optional service credit for prior employment as a career and technical educator—such as a vocational or technical education teacher—if that service is not already credited in another public pension system. To qualify, the member must have been certified or licensed at the time of service, apply by June 30, 2028, and complete 10 years of contributing TRS service.

The member must also pay the employee and employer contributions that would have been required had the service been performed under TRS, based on the salary from their first year of full-time TRS-covered teaching after the technical education service, plus interest compounded annually at the system's assumed rate of return, currently 7.00%.

***New Benefit Increase Review**: Section 16-203 of the Illinois Pension Code establishes a review framework for "new benefit increases," requiring that any such increase (1) expand eligibility or increase benefit value, and (2) be accompanied by additional funding that "has been provided" to cover the cost "as it accrues." HB 3193 technically expands eligibility and thus meets the statutory definition of a new benefit increase under subsection (a) of Section 16-203. However, it fails the statute's funding requirement because the law does not establish or provide additional funding at enactment; instead, the cost depends on voluntary member elections and payments over time, with the funding source uncertain until the application window closes in 2028.*

Six Month Window for Downstate Fire Members to Transfer Service Credit to Downstate Police Fund (Originally HB 2443)

P.A. 102-0063, effective July 9, 2021, opened a 6-month window to allow a Downstate firefighter to transfer up to 8 years of credit from a Downstate Police pension fund "administered by a unit of local government" to a Downstate Fire pension fund.

The police pension fund must have paid to the fire pension fund an amount equal to:

1) The amounts accumulated to the credit of the applicant on the date of transfer of service credit;
2) Employer contributions in an amount equal to the amount previously stated in item 1, and;
3) Any interest paid by the applicant in order to reinstate service in the Downstate Police fund.

HB 3193 would open an identical window to P.A. 102-0063, expiring 6 months after the effective date of this bill.

Active-Duty Military Service Credit Purchase – Cook County Articles (Originally HB 2478)

Currently, the Cook County Article of the Pension Code contains an outdated provision concerning the purchase of optional military service credit. Current statute holds that a member must have been in active service on January 1, 1993 and must have at least 25 years of service credit in the pension fund to purchase up to 2 years of optional military service credit. HB 3193 deletes this obsolete language and adds a new provision allowing for active members to purchase optional creditable service for up to 48 months of active-duty military service, regardless of whether or not that service occurred after the commencement of employment with Cook County.

To establish this service credit, the member must pay to the fund the employee contributions for the service, plus interest at the statutory "effective rate" (currently 3%) compounded annually from the date of military discharge to the date of payment. The bill does not require the employee to pay the employer's normal cost to establish the service credit.

<u>Six Month Window for Downstate Police Fund Members to Transfer Service Credit to Downstate Fire Fund (Originally HB 3757)</u>

Currently, there is no reciprocity between Downstate Police and Downstate Fire pension funds. However, two prior 6-month transfer windows allowed service credit transfers from Downstate Police to Downstate Fire. Pursuant to P.A. 100-0544, effective November 8, 2017, a Downstate Fire participant was allowed to transfer up to 6 years of service credit along with their employee contribution from a Downstate Police fund by May 8th, 2018. Another 6-month window was established by P.A. 102-0063, effective July 9, 2021 which increased the amount of years of service credit to 8 while still transferring their employee contribution (the deadline for application was January 9, 2022). Both transfers excluded participants who were subject to disciplinary actions when leaving their Downstate Police employer.

HB 3193 creates a new service credit transfer window, permitting active Downstate Police members to transfer up to 8 years of service credit from a Downstate Fire pension fund. An applicant must pay the difference between their past contributions to the pertinent Downstate Fire fund (employee contributions, employer contributions & accumulated interest), and the amount they would have contributed to the Downstate Police fund for the equivalent service credits, as determined by the pertinent Downstate Police pension fund board. The specifics of the service credit transfer are explained in the chart below.

Transfer	Service Credit Limit	Amount transferred	What the member must pay
Downstate Fire -> Downstate Police	8 years	Employee Contributions Employer Contributions Interest at the actuarially determined rate (Downstate Police rate is 6-7%)	Shortfall between the Employer and Employee Contributions + interest (Downstate Police rate is 6-7%)

For the purpose of illustration, if an applicant contributed $5,000 to a Downstate Fire pension fund for the service credits transferred, and the pertinent Downstate Police fund determined that the applicant would have contributed $6,000 for the equivalent service credits in that fund, the applicant would be required to pay the difference of $1,000 (plus interest) to establish the desired amount of service credit. This ensures that the establishment of 8 years of service credit creates no additional unfunded actuarial accrued liability (UAAL) for the receiving Downstate Police fund. HB 3193 has an immediate effective date, and, as mentioned previously, is in effect for 6-months following the date of enactment.

Record Reproduction – Chicago Municipal (Originally SB 1752)

HB 3193 amends the Chicago Municipal Article of the Pension Code. The bill allows the board of trustees of the fund to photograph, microfilm, or digitally reproduce records in accordance with the Local Records Act (LRA). The LRA regulates the preservation and disposal of public records for Illinois local governments. Under the LRA, records deemed obsolete can be lawfully destroyed with approval, while essential records must be preserved efficiently. HB 3193 ensures that digital and electronic reproductions are legally recognized as original records, including for use as evidence in courts and administrative agencies.

Alternative Formula Estimated Payments and Expedited Payments – SERS (Originally SB 1937)

HB 3193 amends the SERS Article of the Pension Code to add language to the provision regulating the Alternative Formula that creates an "estimated payment" of a retirement annuity to commence no later than 30 days after:

- the member's last day of employment, or;
- the date the member files for benefits, whichever is later.

The estimated payment shall be:

- the best estimate of SERS; and
- based on information that the System possesses at the time of the estimate.

In the event that a discrepancy exists between the "estimated payment" and the annuity a member is eligible to receive under statute, the System shall either pay or recover the difference within 6 months of the start of the affected annuity.

According to SERS, the Tier 1 Alternative Formula final average salary (FAS) calculation is a very complex exercise, without factoring in the various types of non-pensionable payments issued to employees during their final years of service. SERS asserts that there are often instances in which members have received non-pensionable compensation with retirement contributions erroneously deducted by their payroll offices. The system maintains that substantial effort is required to sift through and rectify these errors before the proper annuity calculation can be made.

Re – Employment of SURS Retirees (New Language)

Under current law, if a retired SURS annuitant is re-employed and earns more than 40% of their highest pre-retirement salary in a given academic year—and their annualized annuity is at least $10,000—the university must pay a contribution to SURS equal to 12 times the annuitant's monthly pension, unless the annuitant is paid solely from exempt sources such as federal or foundation grants.

HB 3193 provides that if a university paid more than $300,000 in total contributions for employing the same affected annuitant during academic years 2021, 2022, and 2023, it will receive a credit for those contributions against future amounts owed to SURS. The provision is intended to address circumstances at Eastern Illinois University, which exceeded the $300,000 threshold during that period.

Addition of Joliet Regional Port District to IMRF as a Participating Instrumentality (Originally HB 1736)

HB 3193 would add the Joliet Regional Port District to the list of participating instrumentalities within IMRF. The IMRF Article of the Pension Code mandates that instrumentalities must conduct their own actuarial studies to determine their assets and liabilities before being admitted. Thus, upon passage of this bill, a full evaluation of the Joliet Regional Port District must be conducted before they are approved to join IMRF as a participating instrumentality.

Under current law, employees of new IMRF employers receive free service credit equal to 20% of the employee's total service up to a maximum of 5 years. If approved for participation, the Joliet Regional Port District would be obligated to pay the amortization costs for this resulting unfunded liability over a 10-year period, pursuant to current law.

HB 3657

Sponsors: Kifowit (Martwick)

Passed House:	115-0-0
Passed Senate:	55-0-0
House Concurrence:	114-0-0

Final Average Salary calculation changes for Chicago Police

Under current law, the final average salary used to determine the retirement benefit of a Tier II member of the Chicago Police Pension Fund is the average monthly salary obtained by dividing the total salary for the 96 consecutive months within the last 120 months of service in which the salary was the highest by the number of months of service in that period.

Whereas for Chicago Fire, the average monthly salary is obtained by whichever is greater: (1) the average monthly salary from the highest 96 consecutive months within the last 120 months of service, or (2) the highest 48 consecutive months within the last 60 months. (This 48-of-60 FAS option was granted to Tier 2 Chicago Firefighters via P.A. 103-0579, effective December 8, 2023, and also to Downstate Police and Fire via the Downstate Police and Fire Investment Consolidation Act of 2020, P.A. 101-0610).

HB 3657 would codify a similar dual-method FAS calculation for Tier 2 members in the Chicago Police fund, allowing pensions to be based on the greater of the same two timeframes.

Final Average Salary Cap increase

Under current law, the current Tier 2 salary cap of both the Chicago Police and Chicago Fire Fund (currently $127,283.01) increases at the rate of either one-half of the CPI-U or 3%, whichever is lower. HB 3657 would change the growth rate to the lesser of 3% *or the full CPI-U*. In addition, the bill establishes a new final average salary cap for both Chicago Police and Fire of $141,407.74 that shall be effective July 1, 2025.

SB 0019 (P.A. 104-0011)

Sponsors: Harmon (Guzzardi)

Passed Senate:	32-22-0
Passed House:	74-37-0

SB 0019 amends the Judges' Retirement System article of the Illinois Pension Code. The JRS Article of the Pension Code currently states that an annuitant shall have their retirement annuity suspended during regular employment with the State of Illinois. There are two exceptions to this provision: employment for less than 75 days, or employment in select positions. These select positions are: Legislative Inspector General, employee of the Office of the Legislative Inspector General, legal counsel for the Office of the Governor, among others. JRS annuitants who return to service do not accrue service credit in JRS for that period of service.

SB 0019 allows JRS annuitants who are full-time members of the Prisoner Review Board to return to service without a suspension of annuity. It is not known how many members of JRS will be impacted by this legislation, but the number is presumed to be minimal. The Prisoner Review Board is currently comprised of 11 members.

SB 1752

Sponsors: Cervantes (Huynh)

Passed Senate:	56-0-0
Passed House:	114-0-0

SB 1752 amends the Chicago Municipal Article of the Pension Code. The bill allows the board of trustees of the fund to photograph, microfilm, or digitally reproduce records in accordance with the Local Records Act (LRA). The LRA regulates the preservation and disposal of public records for Illinois local governments. Under the LRA, records deemed obsolete can be lawfully destroyed with approval, while essential records must be preserved efficiently. SB 1752 ensures that digital and electronic reproductions are legally recognized as original records, including for use as evidence in courts and administrative agencies.